

Retail Equity Research

Lupin Ltd

Pharmaceuticals

CMP Rs. ₹ 2019
Rating: Overweight
NSE CODE: LUPIN
BSE CODE: 500257

The company delivered a steady operational performance in CY24, with sales expanding 2% QoQ in Dec-24, albeit moderating from the 13% spike in Jun-24. Operating profit growth decelerated to just 1% QoQ, highlighting stable but plateauing margins despite softening input costs. Profit before tax saw a 1.6% sequential uptick, supported by better cost discipline and marginal increase in other income. Notably, depreciation normalized after a one-off surge in Mar-24, and interest expenses remained benign. However, net profit plateaued at ₹855.16 crore, flat sequentially, indicating limited operating leverage at current levels. The muted 0% bottom-line growth suggests the stock may consolidate in the near term unless topline momentum revives or margin tailwinds return. Investors should monitor Q1FY25 commentary for demand visibility and cost outlook, particularly with macro volatility and potential rate cycles impacting discretionary and capex-led sectors. Near-term view: Neutral with a bias for stock-specific catalysts.

Company Data			
Market Cap (cr)	Rs.	95,410.74	
Enterprise Value (cr)	Rs.	75,396.81	
Outstanding Shares (cr)		45.66	
52 week high	Rs.	2,403.00	
52 week low	Rs.	1,493.00	
1m average volume (lacs)		14.94	
Face value	Rs.	2.00	
	FY22	FY23	FY24
Sales	16405.48	16641.66	20010.82
Growth(%)	8%	1%	20%
EBITDA	429.27	1871.48	3930.69
EBITDA Margin(%)	2.6%	11.2%	19.6%
PAT	-1,528.04	430.08	1,914.48
Growth(%)	-226%	128%	345%
EPS	-33.6	9.5	42.0
P/E	-22.2	68.6	38.5
P/B	2.8	2.4	5.2
EV/EBITDA	86.2	17.5	19.2
ROE(%)	-13%	3.5%	13%
ROCE(%)	-8%	5.8%	15.9%
ROIC(%)	-9%	3.8%	13.5%
D/E	0.34	0.36	0.20

1. Record-Breaking Financial and Operational Performance: Lupin delivered a stellar Q3 FY2025 with sales reaching ₹5,619 crores—up 10.6% YoY—and EBITDA margins soaring to 24.3%, the highest in five years. Gross margins improved significantly due to better product mix and cost efficiencies, despite higher R&D spending. The management remains confident in sustaining the growth momentum, guiding full-year margins between 22%-23%.

2. US and India Markets Driving Growth: The US business hit a five-year revenue high, boosted by strong volumes in existing products and new launches like Mirabegron. Lupin anticipates further traction from upcoming complex generics and injectables. In India, a robust 11.9% YoY growth was led by chronic segments such as Diabetes and Cardiac. Strategic acquisitions, like the Huminsulin range, have further bolstered the domestic portfolio.

3. Innovation and Strategic Evolution : With ₹1,800 crore earmarked for FY25 R&D, Lupin is accelerating its transition to a complex and specialty-focused portfolio. Over 60% of upcoming ANDAs will be complex generics, and key biosimilar filings are on track. Regulatory compliance remains strong, with clean USFDA inspections and a strategic push toward ESG and sustainability goals.

Key Highlights

1. Diverse Global Presence and Product Portfolio

Lupin is an innovation-led transnational pharmaceutical company headquartered in Mumbai, with operations across over 100 countries, including key markets such as the U.S., India, South Africa, LATAM, Europe, the Middle East, and the APAC region. The company develops and markets a wide range of products including branded and generic formulations, active pharmaceutical ingredients (APIs), and biotechnology products. It holds a strong position in therapeutic areas such as cardiovascular, diabetology, asthma, pediatrics, and central nervous system care. Notably, Lupin is a global leader in anti-tuberculosis (TB) and cephalosporins segments, showcasing its strength in both infectious disease treatment and chronic care.

2. Leadership and Market Position

Lupin has emerged as a market leader across multiple geographies and therapeutic categories. As of Q2FY24, it ranks second in respiratory treatments, third in diabetes and cardiac care, and is the third-largest generic pharmaceutical company in the U.S. by prescription volume. It also holds the fourth position in Australia and is among the top 10 pharmaceutical players in both India and South Africa. These rankings highlight Lupin's consistent performance and competitive strength in regulated and semi-regulated markets.

3. Robust Manufacturing and Regulatory Infrastructure

The company operates 15 manufacturing facilities, with 3 located internationally in the U.S., Mexico, and Brazil. It also has 6 dedicated API units and 7 research facilities, supported by over 20 global offices. Although Lupin faced regulatory compliance challenges during 2019–2020 at five of its facilities, it has since recovered, successfully passing 26 regulatory inspections in FY22. In Q2FY24, it received USFDA approval for its Nagpur OSD and Mandideep Unit 2, while inspections at its Mexico and Dabhasa facilities were successfully cleared by COFEPRIS and WHO, respectively. These achievements reflect Lupin's commitment to maintaining high-quality standards and regulatory compliance.

4. Strong US and India Business Operations

In the U.S., Lupin is a major player with 457 ANDAs filed and 297 approvals, making it a leader in 48 products. It has a 23% market share in generic Albuterol and 33% in Arformoterol (brand + generic). With a growing pipeline of 40+ injectables and 20+ inhalation products, including 53 first-to-file (FTF) applications and 20 exclusive FTFs, the U.S. business is a critical revenue driver. In India, Lupin ranks sixth by sales, with 3 brands in the top 100 and 8 in the top 300. The company has also launched new divisions and expanded its product range, especially in CNS, diabetes, and anti-infectives, underlining its agility in responding to evolving healthcare needs.

5. Research, Development, and Recent Expansions

R&D is central to Lupin's growth strategy, with 8.7% of FY22 turnover invested in research efforts focused on biosimilars and novel drug development. Recent developments in Q2FY24 include the successful launch of Diazepam Rectal Gel in the U.S., acquisition of legacy brands from Menarini, and the Ondero trademark in India. Additionally, Lupin acquired Medisol in France to strengthen its European footprint. The India Region Formulations (IRF) business grew 8.9% year-over-year, despite pricing controls under NLEM. The company also launched new products across diabetes, gastrointestinal, dermatology, and vaccines, including Valentas, which ranked as the top new launch in cardiac care.

6. Strategic Vision and Future Outlook

Lupin has outlined an ambitious plan to launch complex generics in regulated markets by 2028, including over 20 new products in key segments such as inhalation, injectables, biosimilars, and other novel complex formulations. The company also aims to file at least three biosimilars in regulated markets and introduce 10 novel complex drugs in India. In November 2023, Lupin partnered with Amman Pharma for exclusive commercialization of Ranibizumab—a biosimilar of Lucentis—in select Middle Eastern territories, demonstrating its strategic focus on biosimilar expansion and regional collaboration. With its forward-looking approach, Lupin is well-positioned for sustainable long-term growth in both emerging and regulated markets.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Sales	5,197.41	4,960.79	5,600.33	5,672.73	5,767.71
Growth(%)	3%	-5%	13%	1%	2%
Expenses	4,159.47	3,963.94	4,359.36	4,332.37	4,411.81
Operating Profit	1,037.94	996.85	1,240.97	1,340.36	1,355.90
Growth(%)	13%	-4%	24%	8%	1%
Other Income	29.37	29.25	67.78	42.29	53.71
Depreciation	257.20	457.10	247.71	256.92	271.45
Interest	74.01	71.29	68.01	70.87	66.89
Profit before tax	736.10	497.71	993.03	1,054.86	1,071.27
Tax	117.40	129.49	187.49	195.38	212.41
Net profit	613.12	359.43	801.31	852.63	855.16
Growth(%)	20%	-71%	55%	6%	0%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	15,374.76	15,162.96	16,405.48	16,641.66	20,010.82
Growth(%)	5%	-1%	8%	1%	20%
Expenses	13,019.96	12,596.08	16,186.66	14,921.09	16,210.81
Operating Profit	2,354.80	2,566.88	218.82	1,720.57	3,800.01
Growth(%)	-8%	9%	-91%	686%	121%
Other Income	-134.27	137.62	210.45	150.91	130.68
Depreciation	970.22	887.41	1,658.71	880.69	1,196.81
Interest	362.98	140.64	142.77	274.30	311.61
Profit before tax	887.33	1,676.45	-1,372.21	716.49	2,422.27
Tax	1,157.11	448.52	137.15	268.80	486.70
Net profit	-269.39	1,216.53	-1,528.04	430.08	1,914.48
Growth(%)	-144%	552%	-226%	128%	345%

Balance Sheet

(Rs Cr)

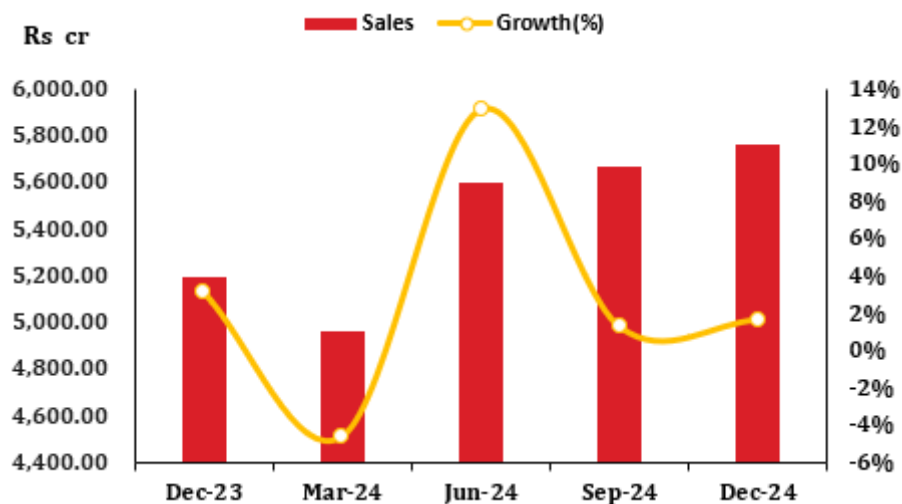
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	90.60	90.74	90.90	91.00	91.14
Reserves	12,446.10	13,712.40	12,062.37	12,373.50	14,199.15
Borrowings	6,305.32	5,129.08	4,158.38	4,541.52	2,921.77
Other Liabilities	5,967.52	4,498.01	5,339.84	5,794.26	6,539.25
Total	24,809.54	23,430.23	21,651.49	22,800.28	23,751.31
Net Block	7,938.11	7,880.76	7,381.62	8,355.24	8,878.30
Capital Work in Progress	939.62	1,066.26	1,146.28	1,237.99	772.53
Investments	2,374.32	2,454.88	900.00	516.90	1,074.63
Other Assets	13,557.49	12,028.33	12,223.59	12,690.15	13,025.85
Total	24,809.54	23,430.23	21,651.49	22,800.28	23,751.31

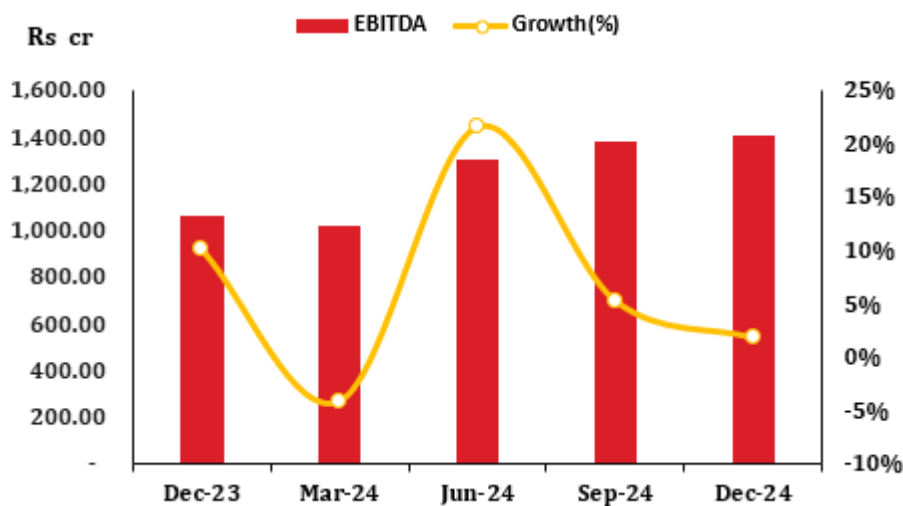
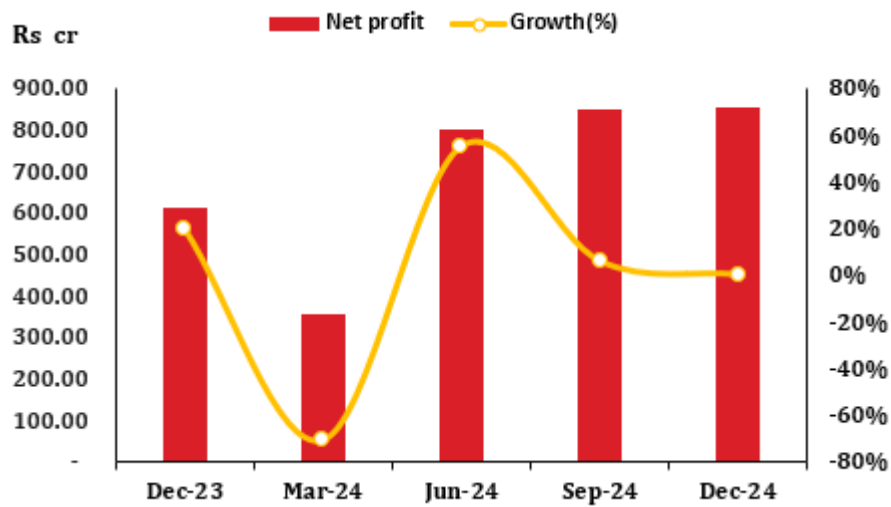
Cash Flow

(Rs Cr)

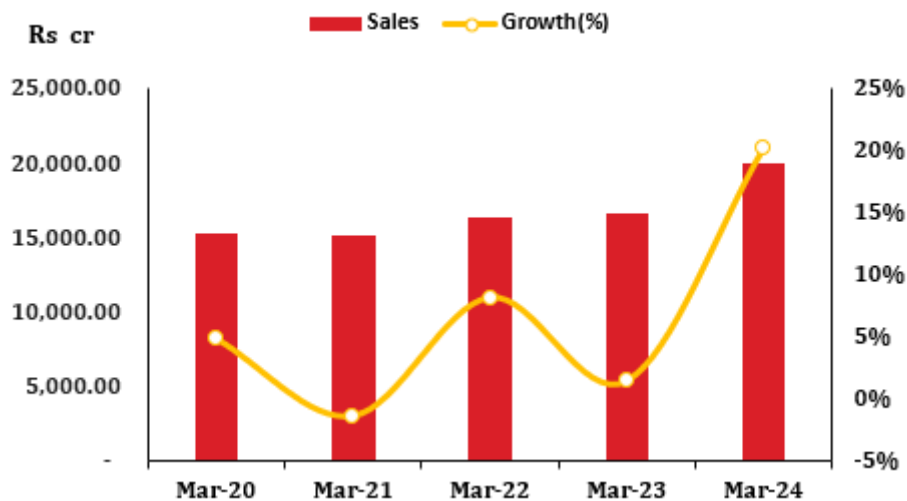
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	1468.84	1821.76	367.31	1897.24	3648.36
Cash from Investing Activity	1106.99	-1239.58	1292.23	-1286.77	-1712.2
Cash from Financing Activity	-890.58	-1885.27	-1572.32	-337.25	-2184.21
Net Cash Flow	1685.25	-1303.09	87.22	273.22	-248.05

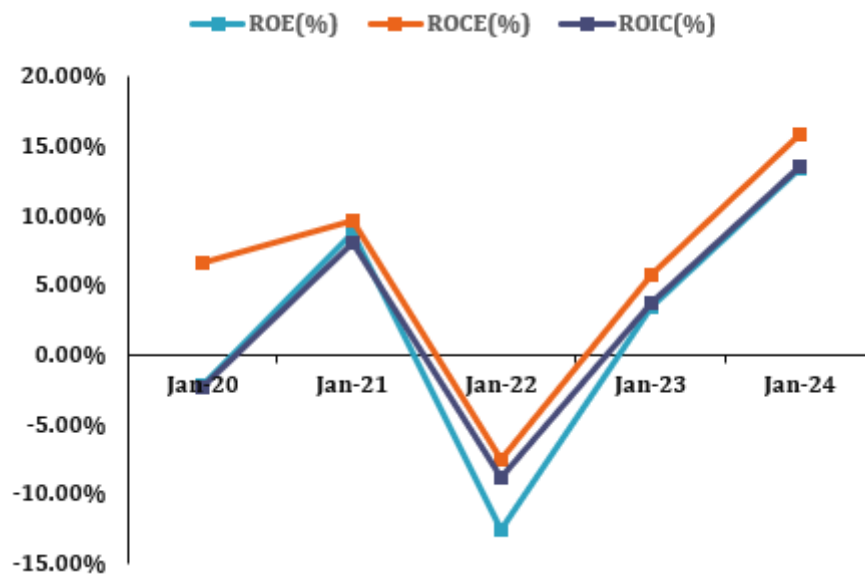
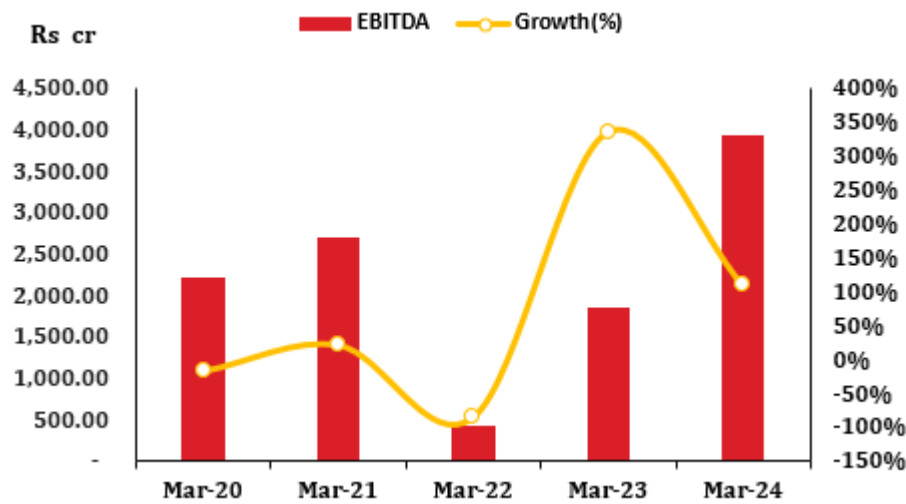
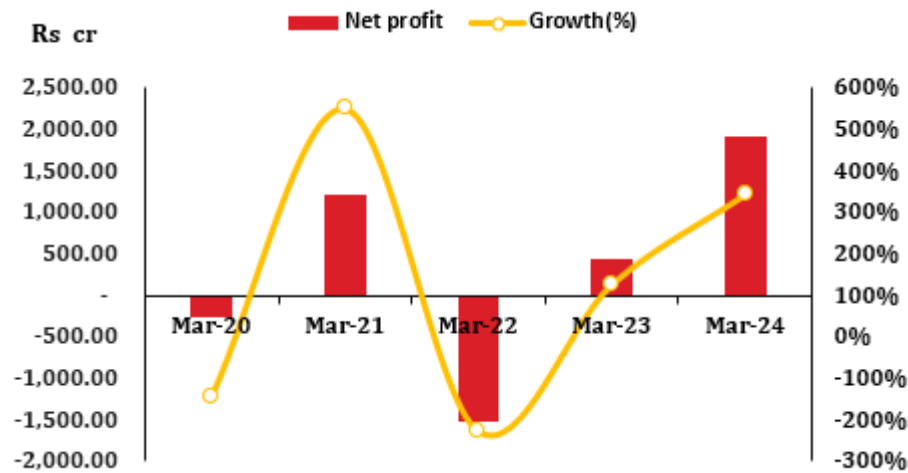
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	0.50	0.37	0.34	0.36	0.20
Debt/Assets	0.25	0.22	0.19	0.20	0.12
Debt/Ebitda	2.84	1.90	9.69	2.43	0.74
Debt/Capital Ratio	33%	27%	25%	27%	17%
Cash flow/Debt	0.23	0.36	0.09	0.42	1.25
Interest coverage ratio	3.44	12.92	-8.61	3.61	8.77
Sales Change	5%	-1%	8%	1%	20%
Ebit Change	-31%	45%	-168%	181%	176%
Operating Leverage	-1.66	-6.54	-11.16	476.71	5.97
Financial Leverage	1.98	1.70	1.78	1.83	1.66

Efficiency ratios					
Receivable days	129	108	95	98	86
Receivable turnover	2.82	3.39	3.85	3.71	4.26
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	4	3	3	3	3
Net Fixed assets turnover	1.94	1.92	2.22	1.99	2.25
Sales/capital employed	0.82	0.80	1.01	0.98	1.16
Total Asset Turnover	0.62	0.65	0.76	0.73	0.84

Profitability ratios					
Ebitda	2220.53	2704.5	429.27	1871.48	3930.69
Ebitda margin	14%	18%	3%	11%	20%
Gross Profit	8116.66	7948.53	7992.69	7961.96	11134.7
Gross Profit Margin	53%	52%	49%	48%	56%
EBIT	1250.31	1817.09	-1229.44	990.79	2733.88
EBIT Margin	8%	12%	-7%	6%	14%
ROE	-2%	9%	-13%	3%	13%
Net profit margin	-2%	8%	-9%	3%	10%
EPS	-5.95	26.81	-33.62	9.45	42.01
DU Pont ROE	-2%	9%	-13%	3%	13%
Net Profit Margin	-2%	8%	-9%	3%	10%
Sales/Total assets	0.62	0.65	0.76	0.73	0.84
Financial Leverage	1.98	1.70	1.78	1.83	1.66
DU PONT ROA	-1%	5%	-7%	2%	8%
Net Profit Margin	-2%	8%	-9%	3%	10%
Sales/Total assets	0.62	0.65	0.76	0.73	0.84

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	1%	8%	-11%	4%	14%
EBIT Margin	8%	12%	-7%	6%	14%
Sales/cap employed	0.82	0.80	1.01	0.98	1.16
NOPAT	-380.14	1330.94	-1352.32	619.08	2184.57
Capital employed	18842.02	18932.22	16311.65	17006.02	17212.06
ROIC	-2%	7%	-8%	4%	13%

Valuation Ratios					
Price/Earnings	-99.15	38.06	-22.22	68.60	38.48
Price/Book	2.13	3.35	2.79	2.37	5.16
Marketcap	26,711.15	46,297.82	33,953.42	29,502.20	73,677.58
Enterprise Value	30,562.17	49,684.44	37,013.67	32,750.59	75,396.81
EV/EBITDA	13.76	18.37	86.22	17.50	19.18

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